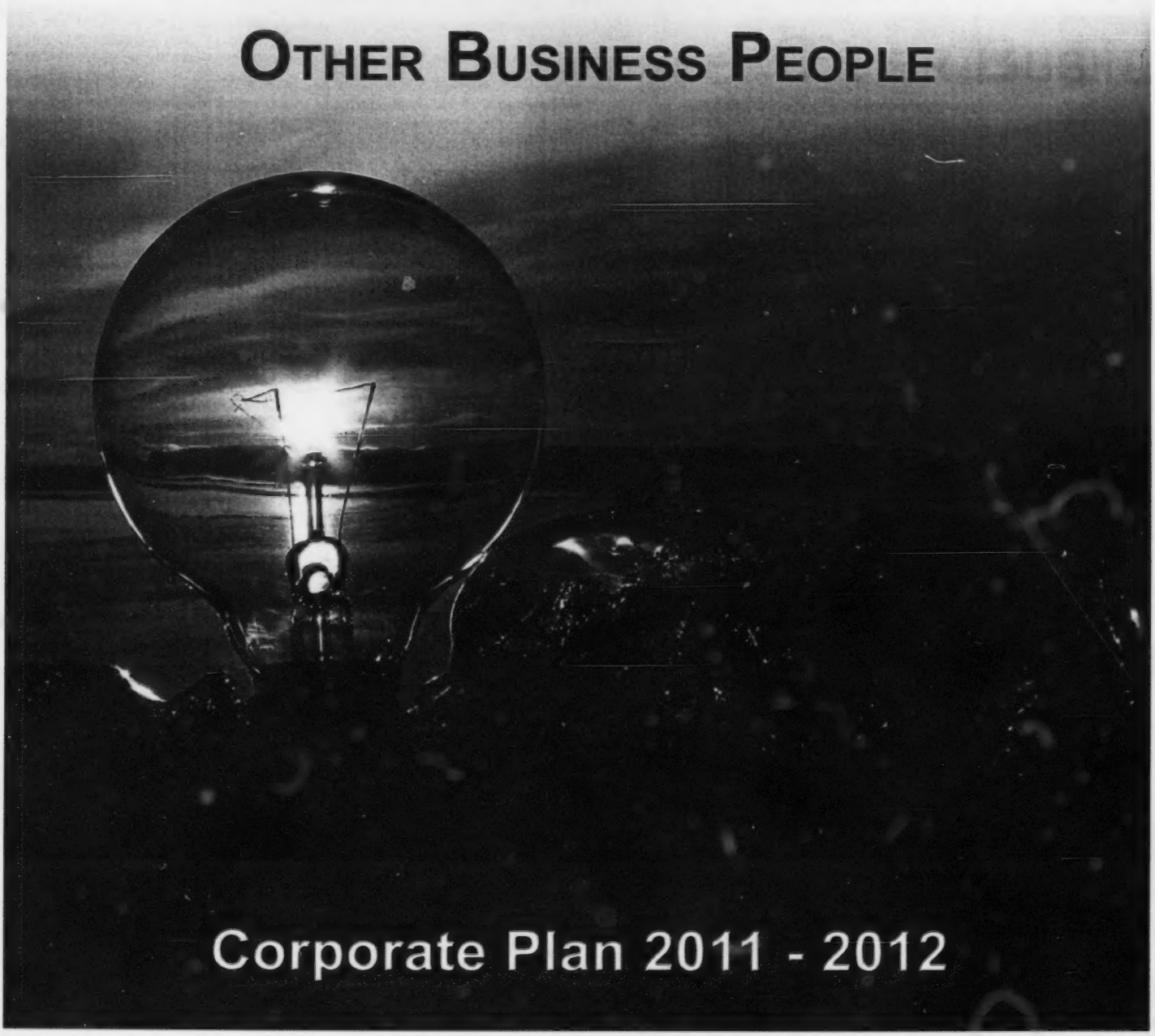
BDIC
BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION NWT

BUSINESS PEOPLE WORKING FOR OTHER BUSINESS PEOPLE

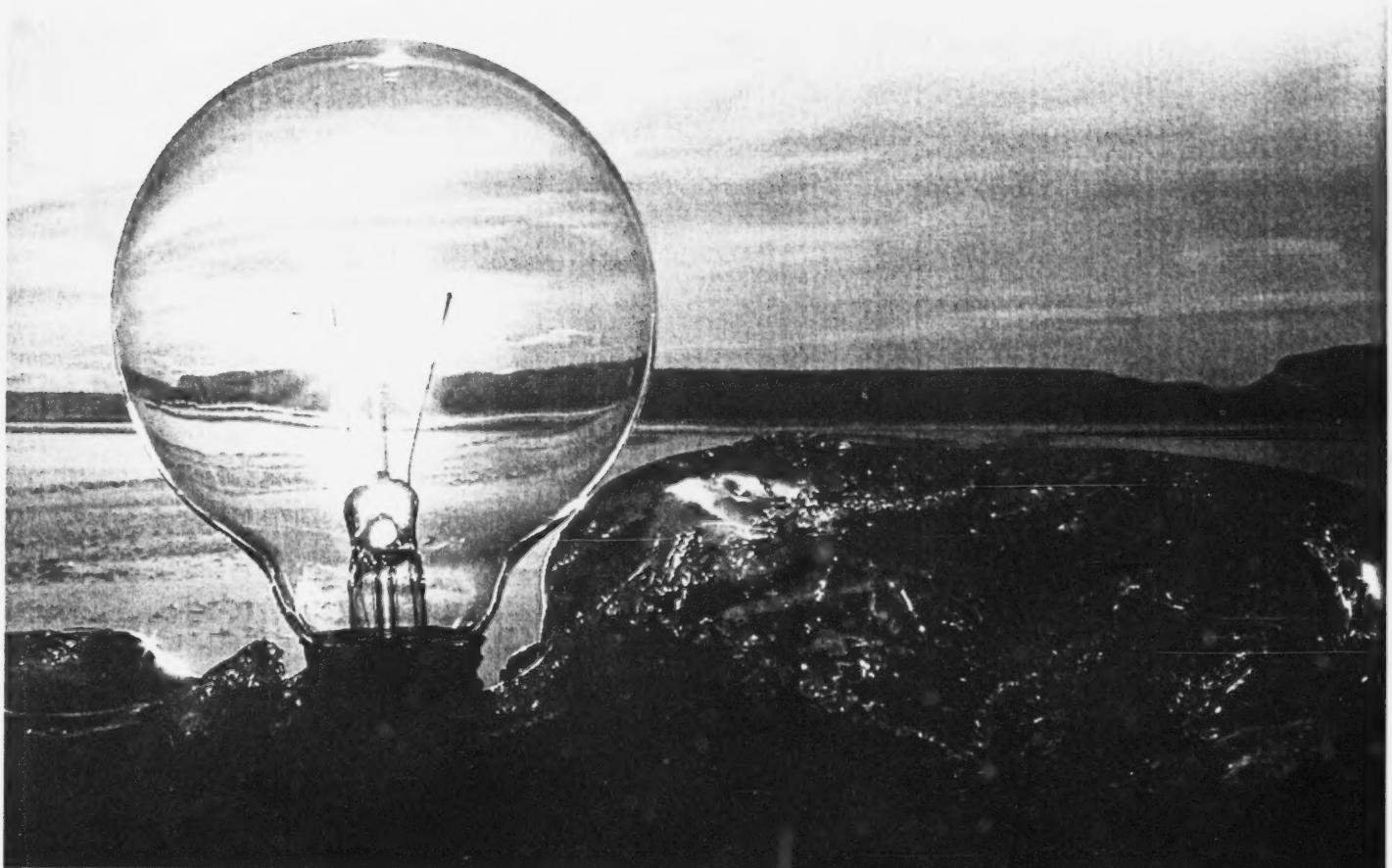


Corporate Plan 2011 - 2012

BDIC

BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION NWT

Business People Working for Other Business People



Corporate Plan 2011 - 2012

Supporting the Economic Objectives of the Government of the Northwest Territories

Northwest Territories Business Development and Investment Corportation

NWT Business Development and Investment Corporation
701, 5201-50th Ave.
Yellowknife, NT X1A 3S9
Telephone: (867) 920-6455
Fax: (867) 765-0652
Email: bdicinfo@gov.nt.ca
Web: www.bdic.ca

Table of Contents

Introduction 1

Vision and Mission 2

Programs 3

Achievements in 2010/2011 6

Minister's Direction 8

Objectives for 2011/2012 9

Budget Summary 11

2011/2012 Budget 13

Introduction

The Northwest Territories Business Development and Investment Corporation (BDIC) was established on April 1, 2005 and is now entering its seventh year of operations. The BDIC's mandate is to:

> *... support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories by*
>
> a. *encouraging the creation and development of business enterprises;*
>
> b. *providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
>
> c. *directly investing in business enterprises; and*
>
> d. *providing information to business enterprises and members of the public respecting*
>
> i. *the establishment and operation of businesses, and*
>
> ii. *other business matters.*

The establishment of the BDIC streamlines and improves the coordination of the GNWT's business assistance programs, allowing for more flexibility in the delivery of programs and a broader range of services, including business information services.

Vision

The BDIC is a recognized leader in the NWT's regional economic development and the growth of a dynamic small and mid-sized business sector.

Mission

We are business people working for other business people - providing across all NWT communities access to business financing, business support services and business development assistance.

We proactively bring stakeholders together to enhance business capacity, sustain self sufficiency and increase community prosperity.

Programs

The BDIC Act enables the BDIC to be flexible in developing and delivering business programs to meet its mandate and fulfill its vision and mission. The BDIC's programs and services are available to businesses in the Northwest Territories.

The BDIC currently offers a variety of financial programs and business services to its clients.

Financial Programs

Credit Facilities

The Credit Facilities program is a debt financing program. The BDIC lends to northern businesses where conventional lending institutions are not prepared to participate and also lends to businesses in communities where commercial banks are not operating. The terms can be flexible to meet the needs of individual clients.

The BDIC also provides Standby Letters of Credit for contract security and to support businesses in obtaining credit from their suppliers.

At the end of 2010/2011 the BDIC's Credit Facilities program portfolio was approximately $51 million.

Venture Investments

The BDIC's Venture Investment program is an equity financing program, providing capital to enhance clients' ongoing stake in a business or project. The BDIC invests in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares from the BDIC over time.

Funding from the Venture Investment program is tied to the number of jobs to be created and maintained by the business.

At the end of 2010/2011, the BDIC's Venture Investment program portfolio totalled $1.7 million.

Contributions

The BDIC offers contributions for start-up and expansion projects including feasibility assessments, development of new products, preparation of marketing and business plans and pilot projects. Contributions are small amounts of funding in the form of grants.

In 2010/2011 the BDIC expects to approve approximately $240,000 in contribution funding.

Subsidiary Companies

The BDIC owns subsidiary companies and provides them with operating funds or capital funds for new facilities or equipment. This funding is provided so the subsidiary can create and maintain employment within the community. Where necessary, the BDIC also provides a range of support services to its subsidiaries including accounting, marketing, and general operational support. Several of the BDIC's subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which supports the local economy.

Funding from the Subsidiary program is tied to the number of jobs to be created and maintained by the business.

In 2010/2011, the BDIC had six operating subsidiaries in Fort Liard, Fort McPherson, Fort Providence, Nahanni Butte, Ulukhaktok and Yellowknife. Five of which maintained the equivalent of 22.5 direct positions. The Yellowknife subsidiary is operated by the BDIC headwuarters. In addition to the approximate 1 million annual subsidy, the BDIC's Subsidiary program investment is approximately $4.2 million.

Funding Available

The funding available from the BDIC differs by program, as follows:

Credit Facilities program

- A maximum of $2 million in combined loan and venture investment funding is available to a business or group of related businesses.
- Funding over these limits is available with Financial Management Board approval.

Venture Investment program

- A maximum of $100,000 per job created or maintained is available as an initial investment.
- A maximum of $250,000 or 25% of the amount initially invested, whichever is lower, is available as a subsequent investment in the same business enterprise.
- A maximum of $2 million in combined venture investment and loan funding is available to a business or group of related businesses.
- Funding over these limits is available with Financial Management Board approval.

Contribution program

- A maximum non-repayable contribution in a 5 year period of $10,000 per client in a level I community or $20,000 per client in a level II community. Clients may apply more than once until the 5 year maximum is reached.

Subsidiary program

- A maximum of $100,000 per job created or maintained is available as an initial investment.
- A maximum of $25,000 per job created or maintained is available as an annual operating subsidy.
- A maximum of $250,000 or 25% of the amount initially invested, whichever is lower, is available as a subsequent investment in the same business enterprise.
- Funding over these limits is available with Financial Management Board approval.

Business Support Services

The BDIC provides a range of business services to support new and existing clients through Canada Business NWT, which offers access to the internet, computer workstations and other office equipment, a lending library, research services, and a regular series of video-conferencing sessions on topics of interest to entrepreneurs.

Canada Business NWT is housed by the BDIC and operated in partnership with Industry Canada. Its mission is to contribute to economic growth by ensuring that business people across the NWT have access to accurate, timely and relevant business information through a convenient single window. It provides a wide range of information on small business programs, services and regulations to the public.

Publications and other information sources are available to northern communities through the Canada Business NWT website (www.canadabusiness.com). Canada Business NWT also arranges with other organizations, such as Community Futures Development Corporations, to set up access points in NWT communities. Access points consist of a computer with internet access and hard copies of documents from the Centre's library of business-related publications. There is at least one access point in each region of the NWT.

In 2010/2011, Canada Business NWT served over 290 clients and its website received over 1,600 internet visits.

CANADA BUSINESS NWT

Achievements in 2010/2011

The BDIC established nine objectives for 2010/2011 that directly support the GNWT's economic goals and priorities and reflect the Minister's and Board's direction for the BDIC.

Promote the BDIC's programs in regions with fewer active BDIC clients to ensure the BDIC's presence in all NWT communities

Results

The BDIC now has clients in all NWT communities.

Enhance community consultations to work towards establishing new BDIC subsidiaries in Level II communities.

Results

In June the Inuvialuit Regional Corporation, on behalf of the BDIC, consulted with the community of Sachs Harbour for the promotion and potential establishment of a subsidiary.

Modify the Venture Investment Program and develop comprehensive policies.

Results

First draft of full review of the Venture Investment Program was completed in November.

Strengthen community strategy to foster easy access to BDIC programs by clients in remote communities.

Results

In partnership with Canada Business NWT (CBNWT), the BDIC:

- Implemented a 1-800 number for both the CBNWT and the BDIC.
- Introduced the use of banner stand for displaying the 1-800 number.
- Promoted paperless technology by providing entreprenures the ability to borrow CBNWT notebooks and e-readers.
- Is in the process of expanding the CBNWT library's services to allow for the mailing of library books to remote communities.
- Is in the process of updating the How to Start a Business in the NWT booklet to include all required business forms. The booklet will be available in hardcopy and electronically.

Promote research initiatives to identify new economic opportunities and to develop appropriate BDIC programs.

Results

In October the BDIC assisted in hosting the bi-annual Northern Economic Development Practitioners (NEDP) conference. This conference included a significant two day informative component on the theoretical aspects of community economic development.

Promote small business development initiatives in communities by offering open houses, workshops and face-to-face meetings.

Results

Active participation and promotion of BDIC programs through community visits and presence at tradeshows.

Promote the subsidiary program in communities as a means of developing sustainable local economies.

Results

The subsidiary program was promoted in smaller communities. Research is in progress by Senior Management on the possibility of developing projects leading to sustainable economies.

Promote learning and growth opportunities for delivery agents and subsidiary staff to ensure consistency, compliance and effective delivery of BDIC programs and help develop entrepreneurial skills at the community level.

Results

In October the BDIC assisted in hosting the NEDP conference and conducted business workshops. A Trade & Investment managers' meeting was held in December 2010.

Foster an environment of "Northerners Working Together" by promoting partnerships with various financial institutions, community based organizations, educational institutions and organizations serving the business community as a whole.

Results

Meetings with two financial institutions about community banking oportunities. Meetings with educational institutions about providing financial and small business education in communities.

Minister's Direction

Summary of the Minister's Directive on specific priorities for the BDIC:

- Key roles of the BDIC are to provide centralized financial services for businesses and to establish processes to control, monitor, evaluate and report on those financial services.
- The current economic situation will require flexibility in lending and loan management approaches to support the BDIC's developmental mandate.
- The BDIC should be receptive to using its financial programs other than the loans program where the client's circumstances warrant.
- The aim is to have BDIC programs actively supporting economic development in every community in the Northwest Territories.
- The BDIC should, in consultation with Industry, Tourism and Investment (ITI), review its existing contribution program in light of the newly-established Support for Entrepreneurship and Economic Development (SEED) program to clarify whether or not the two programs have sufficiently distinct purposes to warrant separate programs.
- Work closely with ITI as the delivery agent for the BDIC loan program.

Objectives for 2011/2012

Supporting the GNWT's Economic Objectives

The BDIC supports the economic objectives of the Government of the Northwest Territories. The 16th Legislative Assembly has established the following goal for the territorial economy:

A diversified economy that provides all communities and regions with opportunities and choices.

In support of this goal, the Legislative Assembly has identified four priorities:

- Promote development that reduces regional and community disparities.
- Work with regional business corporations and other partners to identify new economic opportunities.
- Support the development of sustainable local economies through small businesses and community-based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.
- Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

Responding to the Minister's Direction

As a result of the direction received from the Minister, the BDIC Board has directed the Corporation to:

- Focus on providing centralized business financial services by controlling, monitoring, evaluating and reporting on loans, ventures and subsidiaries.
- Actively promote and support economic development in every community in the Northwest Territories.
- Use flexible lending practices and file management approaches in response to the current economic situation.
- Continue to support developmental lending where appropriate.
- Encourage the use of other BDIC financial and non-financial programs where circumstances warrant.

The BDIC's Objectives for 2011/2012

The BDIC has established nine objectives for 2011/2012 that directly support the GNWT's economic goals and priorities and that reflect the Minister's and Board's direction for the BDIC.

GNWT Goal:

A diversified economy that provides all communities and regions with opportunities and choices.

GNWT Priority:

Promote development that reduces regional and community disparities.

BDIC Objectives 2011/2012:

- Enhance community consultations in Level II communities.
- Increase BDIC program access to clients in remote communities through strengthened communications and technology.

GNWT Priority:

Work with regional business corporations and other partners to identify new economic opportunities.

BDIC Objectives 2011/2012:

- Foster an environment of "Northerners Working Together" by promoting partnerships to serve the business community as a whole.

GNWT Priority:

Support the development of sustainable local economies through small business and community-based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.

BDIC Objectives 2011/2012:

- Promote small business development initiatives in communities by offering community open houses, workshops and face-to-face meetings.
- Modify the Venture Investment Program to meet the contemporary needs of NWT entrepreneurs.
- Promote the subsidiary program in communities as a means of developing sustainable local economies.

GNWT Priority:

Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

BDIC Objectives 2010/2011:

- Foster educational and economic development opportunities to increase entrepreneurial skills, efficient and effective delivery of BDIC programs and economic activity.
- Provide prospective entrepreneurs current, relevant, and comprehensive business information and learning opportunities.
- Build in-house capacity to promote business-related education, including small business management aboriginal entrepeneurship and businesss development.

Objectives for 2011/2012

Supporting the GNWT's Economic Objectives

The BDIC supports the economic objectives of the Government of the Northwest Territories. The 16th Legislative Assembly has established the following goal for the territorial economy:

A diversified economy that provides all communities and regions with opportunities and choices.

In support of this goal, the Legislative Assembly has identified four priorities:

- Promote development that reduces regional and community disparities.
- Work with regional business corporations and other partners to identify new economic opportunities.
- Support the development of sustainable local economies through small businesses and community-based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.
- Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

Responding to the Minister's Direction

As a result of the direction received from the Minister, the BDIC Board has directed the Corporation to:

- Focus on providing centralized business financial services by controlling, monitoring, evaluating and reporting on loans, ventures and subsidiaries.
- Actively promote and support economic development in every community in the Northwest Territories.
- Use flexible lending practices and file management approaches in response to the current economic situation.
- Continue to support developmental lending where appropriate.
- Encourage the use of other BDIC financial and non-financial programs where circumstances warrant.

The BDIC's Objectives for 2011/2012

The BDIC has established nine objectives for 2011/2012 that directly support the GNWT's economic goals and priorities and that reflect the Minister's and Board's direction for the BDIC.

GNWT Goal:

A diversified economy that provides all communities and regions with opportunities and choices.

GNWT Priority:

Promote development that reduces regional and community disparities.

BDIC Objectives 2011/2012:

- Enhance community consultations in Level II communities.
- Increase BDIC program access to clients in remote communities through strengthened communications and technology.

GNWT Priority:

Work with regional business corporations and other partners to identify new economic opportunities.

BDIC Objectives 2011/2012:

- Foster an environment of "Northerners Working Together" by promoting partnerships to serve the business community as a whole.

GNWT Priority:

Support the development of sustainable local economies through small business and community based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.

BDIC Objectives 2011/2012:

- Promote small business development initiatives in communities by offering community open houses, workshops and face-to-face meetings.
- Modify the Venture Investment Program to meet the contemporary needs of NWT entrepreneurs.
- Promote the subsidiary program in communities as a means of developing sustainable local economies.

GNWT Priority:

Build community human resource capacity with an emphasis on trades and entrepreneurial skills.

BDIC Objectives 2010/2011:

- Foster educational and economic development opportunities to increase entrepreneurial skills, efficient and effective delivery of BDIC programs and economic activity.
- Provide prospective entrepreneurs current, relevant, and comprehensive business information and learning opportunities.
- Build in-house capacity to promote business-related education, including small business management aboriginal entrepeneurship and businesss development.

Budget Summary

The BDIC's budget is divided into two separate sets of funds: the Contribution Fund and the Loan and Investment Fund.

The Contribution Fund receives annual funding from the GNWT and through internal sources. Money in this fund is used for:

- Annual subsidy payments to BDIC subsidiaries and contributions to northern businesses.
- Capital investments in BDIC subsidiaries (either to establish new subsidiaries or for capital improvements required to maintain existing subsidiaries).
- The BDIC's operating expenses, which include the costs associated with the delivery of all financial programs, including loans and venture investments, and business services programs and the provision of accounting, marketing, and operational support to the BDIC's subsidiary companies.

The Loan and Investment Fund is funded internally through repayments from clients or through borrowing from the GNWT. Money in this fund provides credit to and equity investment in northern businesses through the BDIC's Credit Facilities and Venture Investment programs.

The budget for each set of funds is presented separately to provide transparency, facilitate control and enhance accountability.

Contribution Fund

The Contribution Fund provides funding to four separate funds:

- The Subsidy Fund provides subsidies to the subsidiaries.
- The Capital Fund provides start-up costs to new subsidiaries.
- The Capital Reserve Fund provides financial assistance for capital repairs to existing subsidiaries. The equivalent of 10% of the financial assistance expended within the Capital Fund will be allocated from the GNWT's contribution.
- The General Operating Fund receives a contribution from the GNWT, and interest income generated through the BDIC's participation in the GNWT's investment pool. Operating expenses incurred to provide the BDIC's business services programs and support the BDIC's financial programs come out of this fund.

The BDIC forecasts a contribution of $3,704,000 for operations in the 2011/2012 fiscal year from the GNWT. Of this amount, $971,000 is allocated to the subsidiaries and contributions to businesses and the balance of $2,733,000 will be allocated to the General Operating Fund for operations. In addition, the BDIC forecasts interest income of $110,000 that will be allocated to the General Operating Fund for a total of $2,843,000.

Loan and Investment Fund

Under its Act, the BDIC is required to establish a Loan and Investment Fund. This Fund is a source of cash for two of the BDIC's financial programs, loan and venture investments. Each of these financial program has its own fund:

- The Loan Fund provides loan capital to existing and new loan clients. Payments received are used for lending purposes and repayments to the GNWT.
- The Venture Investment Fund provides equity investment assistance to new and existing venture clients. Payments received are used for investment purposes.

Disbursements for loans and venture investments are issued from, and repayments from clients are deposited into, the respective funds.

If there is insufficient money available for lending or investment purposes, the BDIC can borrow up to $150 million from the GNWT subject to the borrowing limit set by the Financial Management Board, currently at $45 million. Interest is charged by the GNWT on the outstanding balance.

2011/2012 Budget

Exhibit 1 - Contribution Fund Budget Summary ($000)
2012 Fiscal Year

	Subsidy Fund	Capital Fund	Capital Reserve Fund	General Operating Fund
Opening Balance	663	1,301	104	3,771
Sources of Cash	900	-	71	2,843
Use of Cash	1,385	708	50	2,715
Closing Balance	178	593	125	3,899

Exhibit 2 - Subsidy Fund Budget ($000)
2012 Fiscal Year

	Budgeted 2012	Budgeted 2011	Projected 2011
Opening Balance	663	996	1,063
Sources of Cash:			
GNWT Contribution	900	700	700
Sub-Total	900	700	700
Uses of Cash:			
Contributions:			
Business Development Projects (1)	300	200	200
Subsidiaries (2):			
5983 NWT Ltd. (3)	200	230	230
Acho Dene Native Crafts Ltd. (3)	125	125	125
Arctic Canada Trading Co. Ltd.	-	50	50
Dene Fur Clouds Ltd. (3)	250	200	300
913044 NWT Ltd.	85	70	70
Nahanni Butte General Store Ltd. (3)	125	125	125
Muskox company (to be incorporated) (3), (4)	300	100	-
Sub-Total	1,385	1,100	1,100
Closing Balance	178	596	663

Notes to the Subsidy Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum of $25,000 per job. An amount greater than the prescribed maximum for a project or subsidiary requires FMB approval.

A job is one where the job is created within a subsidiary or venture company as a result of its economic activities. One job is equivalent to one person-year and each person-year will equal to 1,725 hours of work per year (positions can be aggregated for purposes of calculating this number). Payroll records are the primary source of information when calculating 'direct jobs'. The following table shows the direct jobs expected to be created by each subsidiary in 2011/2012.

Subsidiary	Jobs Created
5983 NWT Ltd.	3.0
Acho Dene Native Crafts Ltd.	2.0
Arctic Canada Trading Co. Ltd.	-
Dene Fur Clouds Ltd.	4.5
913044 NWT Ltd.	7.0
Nahanni Butte General Store Ltd.	3.0
Muskox company (to be incorporated)	3.0

1. Business Development Projects are contributions used for feasibility assessments, project start-ups, research projects and occasionally short-term projects that create employment opportunities.
2. Subsidies are approved up to a maximum and distribution is based on need. Unused approvals are de-committed, pooled and carried forward to the next year for the benefit of the Subsidy Fund.
3. Five of the subsidiaries, 5983 NWT Ltd., Acho Dene Native Crafts Ltd., Dene Fur Clouds Ltd. Nahanni Butte General Store Ltd. and the Muskox company (tbi) once established, will draw a subsidy larger than the prescribed maximum.
4. The FMB approved in 2010/2011 for the BDIC to enter into an agreement to establish the Muskox company (tbi). This process is expected to be completed in 2011/2012.

Exhibit 3 - Capital Fund Budget ($000)
2012 Fiscal Year

	Budgeted 2012	Budgeted 2011	Projected 2011
Opening Balance	1,301	1,201	1,201
Sources of Cash:			
GNWT Contribution	-	250	250
Sub-Total	-	250	250
Uses of Cash:			
Subsidiaries (2):			
5983 NWT Ltd.	-	150	150
Muskok company (to be incorporated)	708	200	-
Sub-Total	708	350	150
Closing Balance	593	1,101	1,301

Notes to the Capital Fund:

1. The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project, an initial investment in, an amount not exceeding the prescribed maximum of $100,000 per direct job or in an amount greater than the prescribed maximum for the project or subsidiary with the approval of the FMB.

Exhibit 4 - Capital Reserve Fund Budget ($000)
2012 Fiscal Year

	Budgeted 2012	Budgeted 2011	Projected 2011
Opening Balance	104	89	89
Sources of Cash:			
GNWT Contribution	71	25	15
Sub-Total	71	25	15
Uses of Cash:			
Nahanni Butte General Store Ltd.	50	40	-
Sub-Total	50	40	-
Closing Balance	125	74	104

Exhibit 5 - General Operating Fund Budget ($000)
2012 Fiscal Year

	Budgeted 2012	Budgeted 2011	Projected 2011
Opening Balance	3,646	3,425	3,494
Sources of Cash:			
GNWT Contribution	2,733	2,648	2,658
Interest	110	40	94
Sub-Total	2,843	2,688	2,752
Uses of Cash:			
Operation Expenditures			
Advertising	65	65	20
Board expenses	95	90	60
Computers	80	68	70
Office	75	75	75
Purchased services	200	160	160
Telephone & communications	30	30	20
Travel	100	95	95
Salaries & benefits	2,150	2,150	2,100
Sub-Total	2,795	2,733	2,600
Closing Balance	3,694	3,380	3,646

Exhibit 6 - Loan and Investment Fund Budget Summary ($000)
2012 Fiscal Year

	Venture Invetsment Fund	Loan Fund
Opening Balance	4,325	1,908
Sources of Cash	20	6,410
Use of Cash	500	6,000
Closing Balance	3,845	2,318

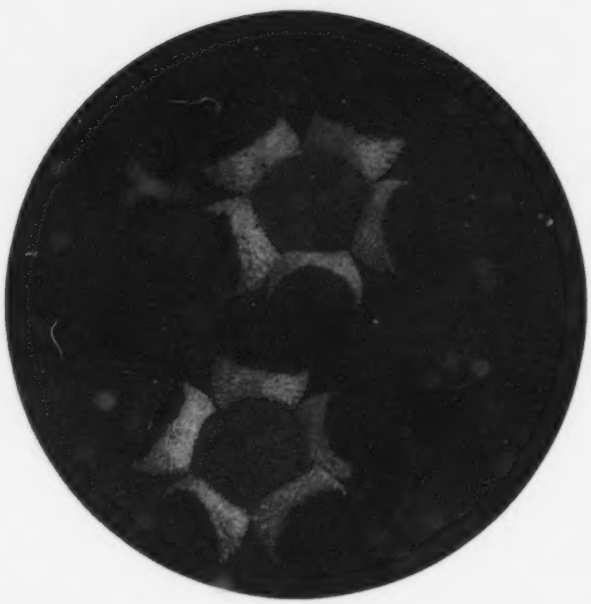


Exhibit 7 - Venture Investment Fund Budget ($000)
2012 Fiscal Year

	Budgeted 2012	Budgeted 2011	Projected 2011
Opening Balance	4,325	4,120	4,168
Sources of Cash:			
Dividends	10	15	17
Redemptions	10	-	140
Sub-Total	20	15	157
Uses of Cash:			
Venture Investments	500	300	-
Sub-Total	500	300	-
Closing Balance	3,845	3,835	4,325

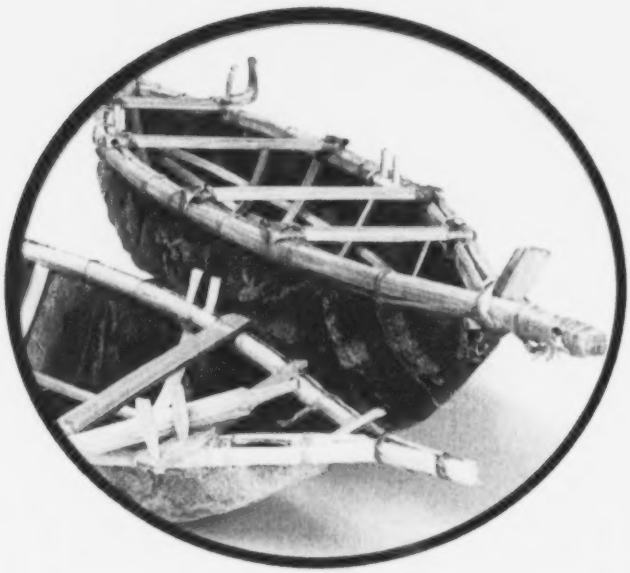


Exhibit 8 - Loan Fund Budget ($000)
2012 Fiscal Year

	Budgeted 2012	Budgeted 2011	Projected 2011
Opening Balance	1,908	975	370
Sources of Cash:			
Repayments received	5,900	5,100	5,650
Interest Income	10	6	8
Borrowed from the GNWT (net)	500	2,000	3,380
Sub-Total	6,410	7,106	9,038
Uses of Cash:			
Loans disbursed	6,000	7,300	7,500
Repayment to the GNWT (net)	-	-	-
Sub-Total	6,000	7,300	7,500
Closing Balance	2,318	781	1,908

Northwest Territories Business Development and Investment Corportation

BDIC NWT

#701, 5201-50th Avenue
Yellowknife NT X1A 3S9

Phone: 867.920.6455
Fax: 867.765.0652

Website: www.bdic.ca
Email: bdicinfo@gov.nt.ca